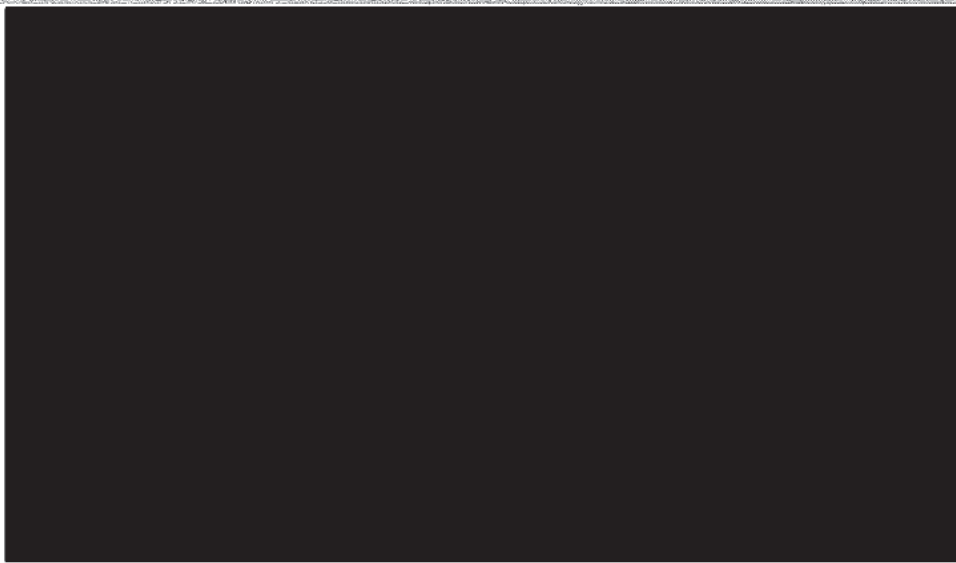


- The significant changes for 2007 all contribute to the streamlining of the process this year. Hence, the “mini” Focal process.
- If you are a new manger we will go into more detail on ranking later in the presentation



The Basics



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Core Components



- Performance Evaluation
- Ranking Process
 - Matrix
- Salary Focal Budget
 - Methodology
 - Budgets by Country
- Salary Increase Matrices
- Salary Focal Tool
- Updated Performance Appraisal
- Performance & Salary Discussion

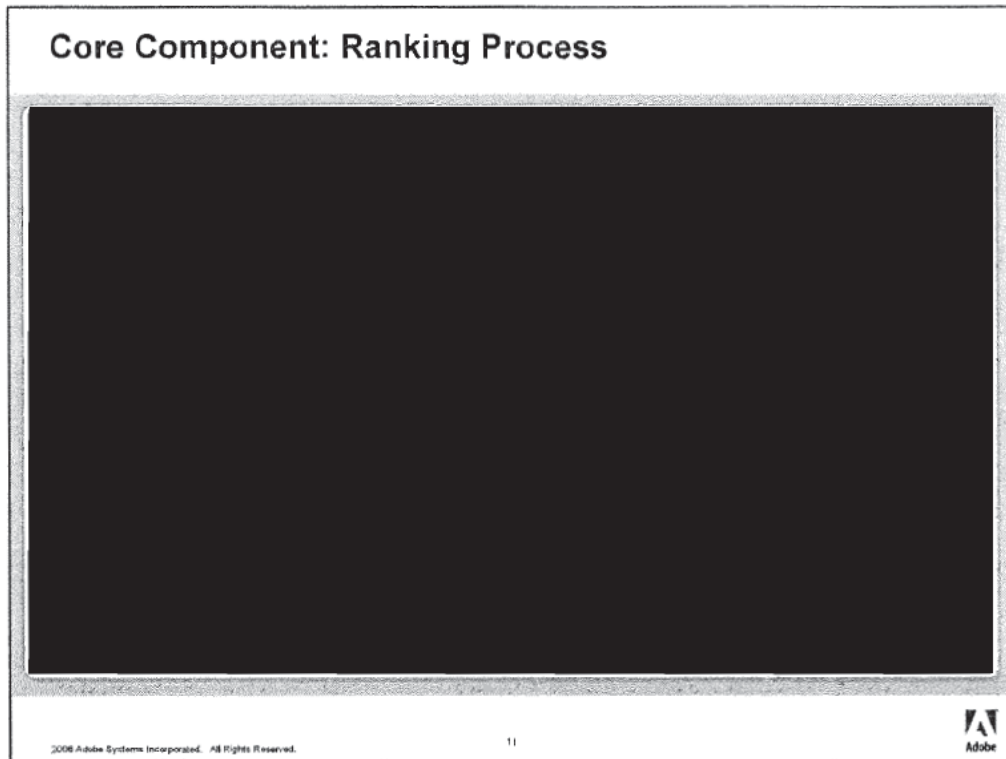
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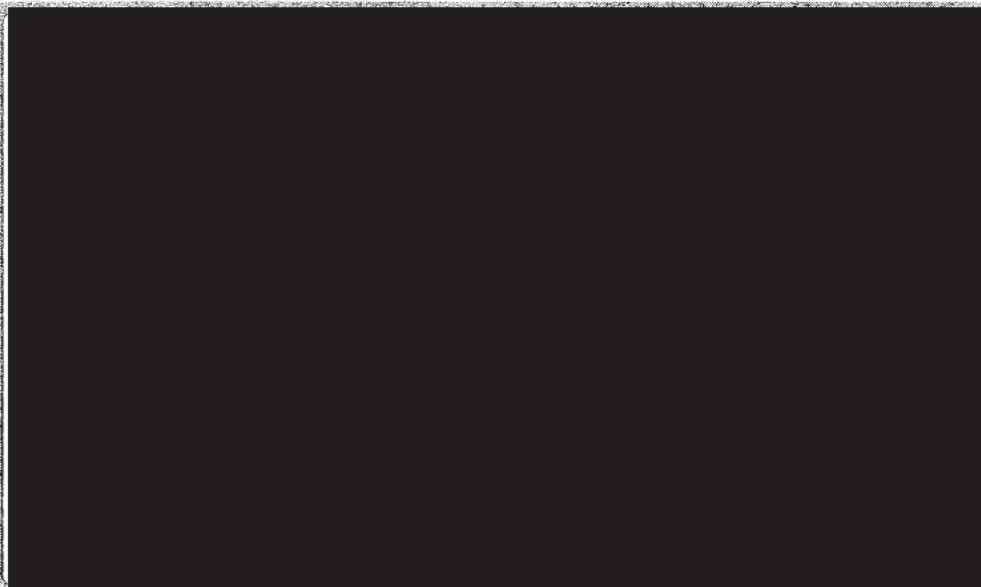


Core Component: Performance Evaluation





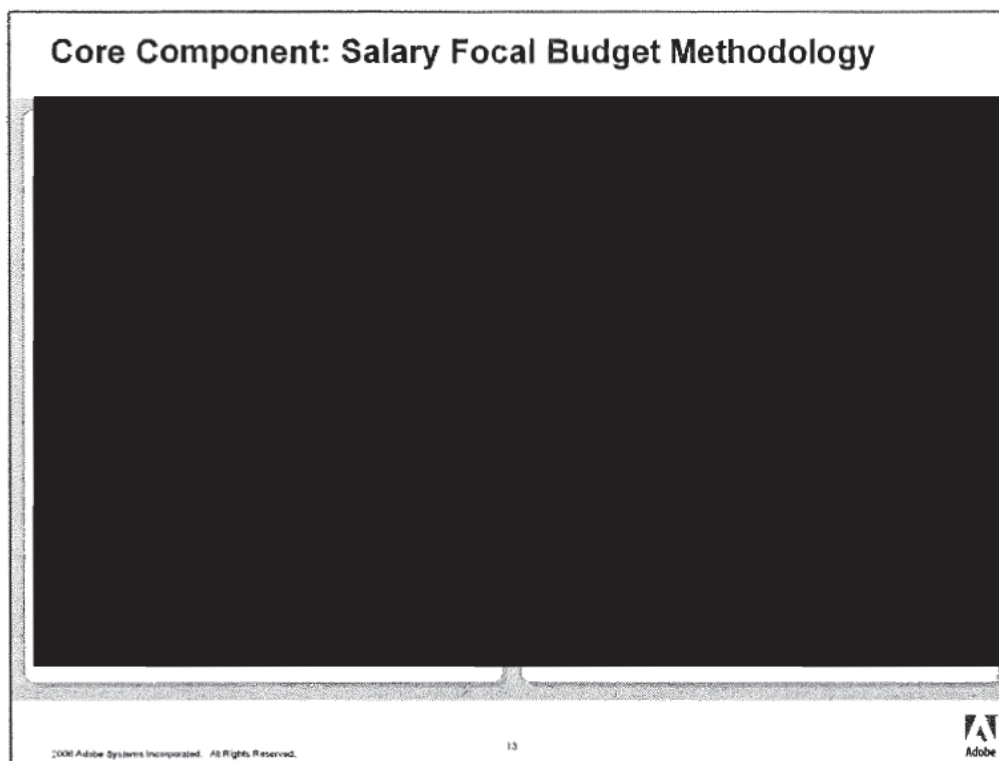
Core Component: Ranking Matrix



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- We'll be walking through the methodology to create the Salary Focal Budget, and then I'll share the budget for this year.



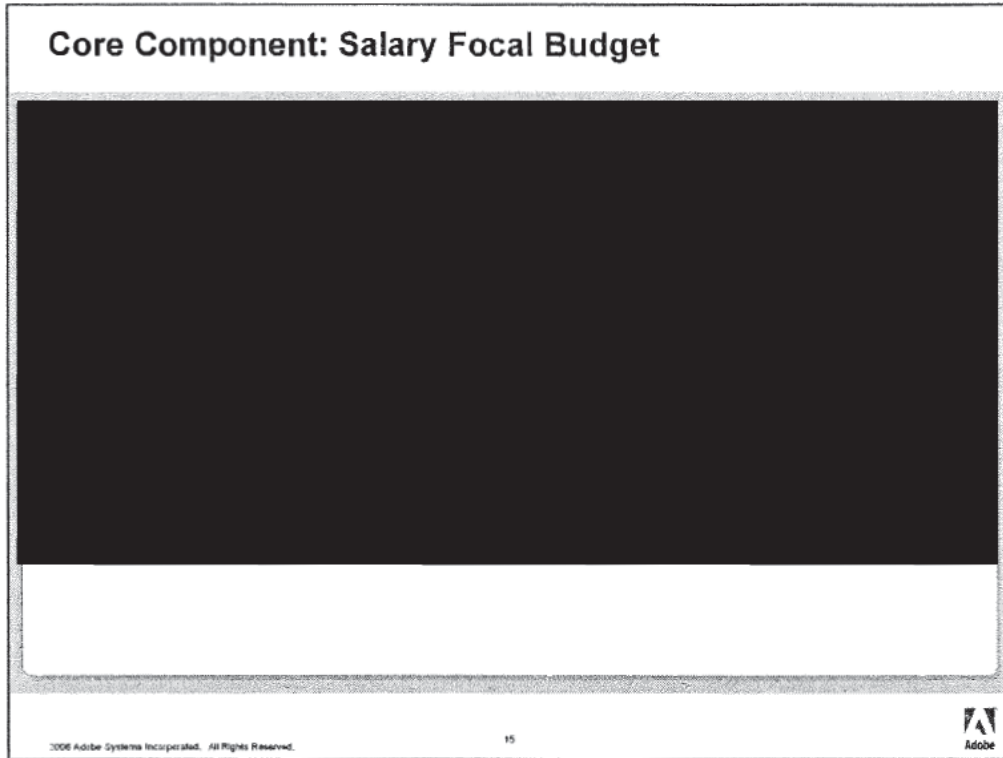
Core Component: Salary Focal Budget Methodology *(cont.)*




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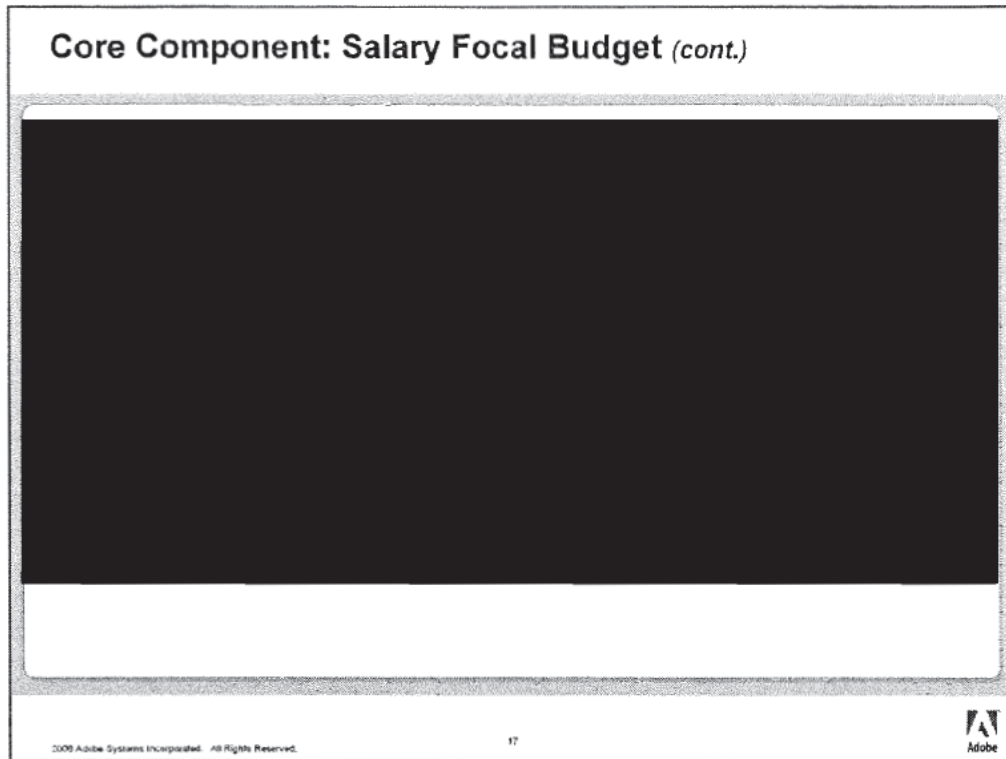
Example of Base Salary Impact with Pro-rated Budget



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Core Component: Pro-rated Salary Focal Budgets* by Country



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Core Component: Salary Increase Considerations



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Core Component: Salary Increase Matrices (except India)




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Core Component: Impact on Company Position to Market




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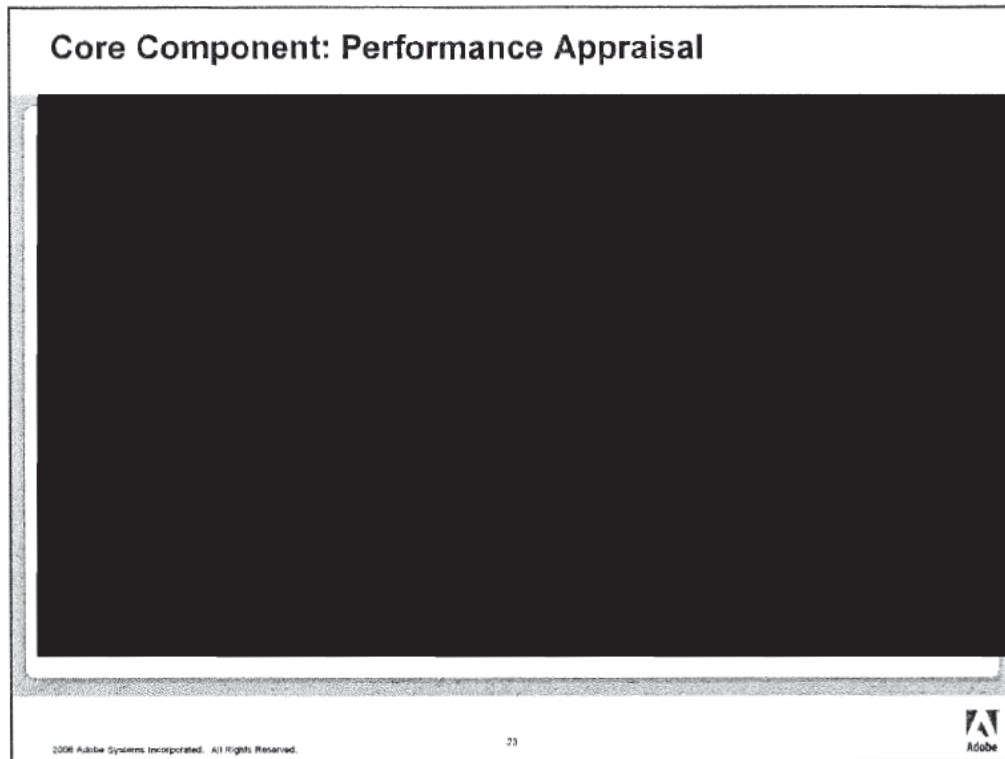
Core Component: Salary Focal Tool

- Refer to the Adobe Presenter available on the Managers' Focal web site for help installing and using the tool

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- Refer to the *Salary Focal Tool and Reports* document on the Manager's Focal website.





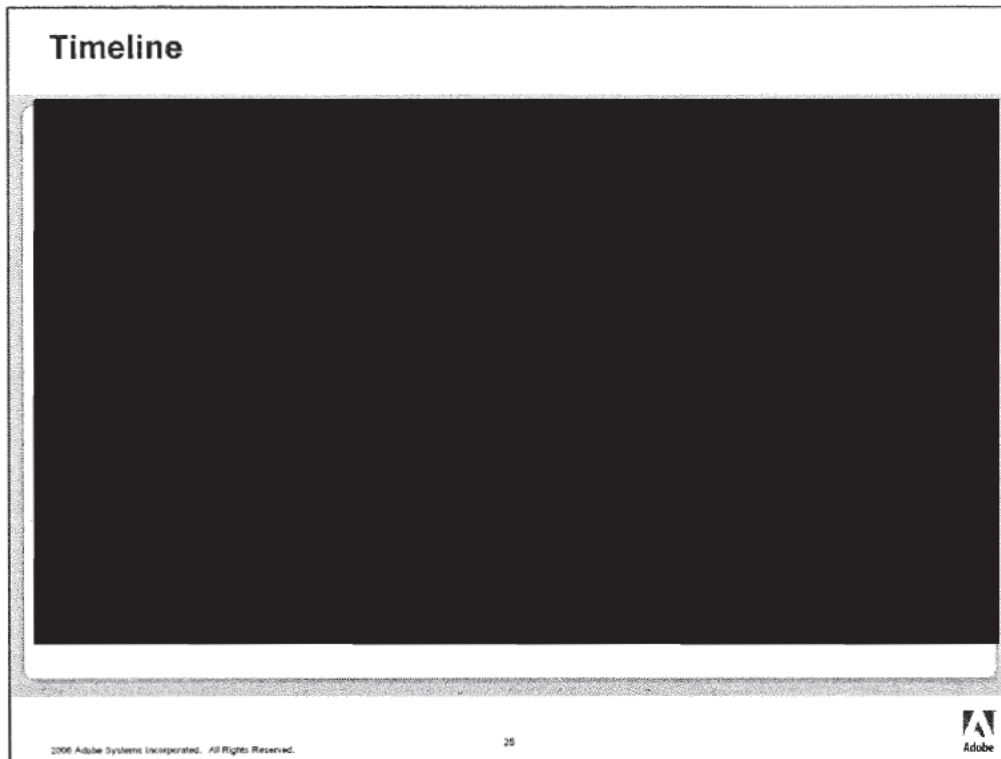
Core Component: Performance & Salary Discussion



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- **Managers can start writing reviews now using the Performance Appraisal Worksheet (non-routable) available on the Manager's Focal website, and then copy/paste into the routable form, which will be available on 12/4.**

Resources

- 2007 Managers' Performance Focal web site
 - Access from Inside Adobe
 - Adobe PDF of Managers' reference documents
 - Links to forms
 - Link to online Enrollment System to enroll in a 1:1 Coaching session
 - Posted email communications to managers and employees
- Managing at Adobe Website
- Communications
 - Email reminders for key action items
- If you have questions about...
 - An employee issue, contact your Human Resources Manager
 - The Focal timeline, process, or tools, contact the HRIC at x6-HELP (4357), option 5

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- **You can find your HRM on the Org Chart on Inside Adobe.**
- **Coaching sessions will be offered in Jan.**
- **Even though the HRIC is mainly for North America employees, for Focal timeline, process or tools questions, all employees can contact the HRIC.**



EXHIBIT 3

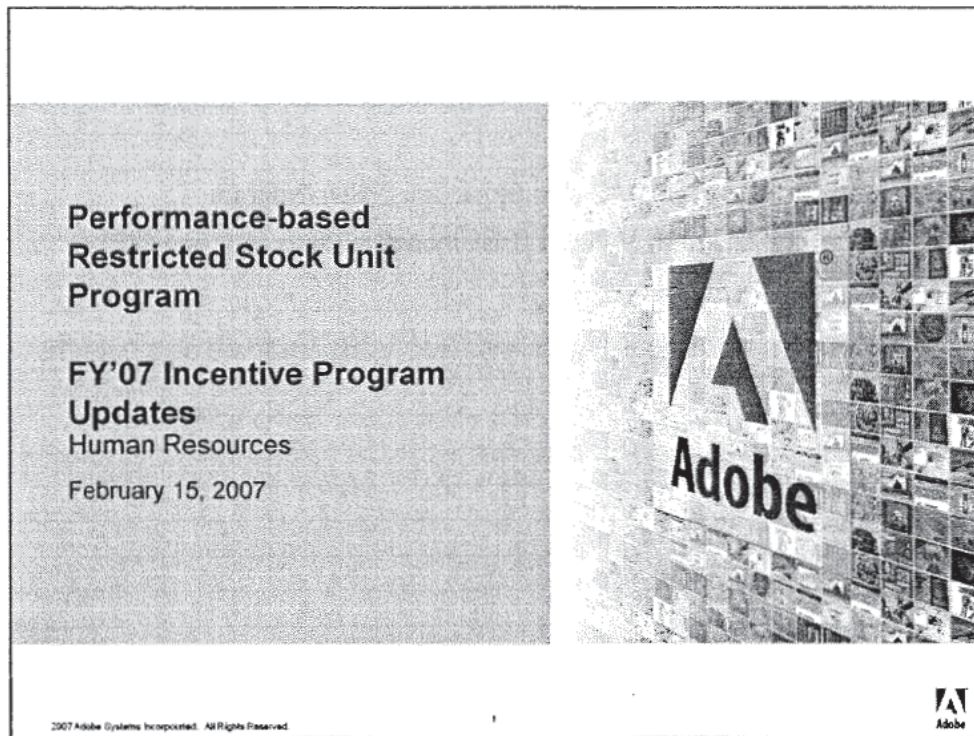
DOCUMENT

PLACEHOLDER

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- Introduce Performance based Restricted Unit Program once and reference as PSU through out the rest of presentation
- Talking points from Bruce's presentation in December 2006



Agenda

- Total Compensation
- Performance-based Restricted Stock Unit (PSU) Program
- Annual and Quarterly Variable Cash Incentive Plans (AIP and QIP)
- Your Next Steps
- Q&A

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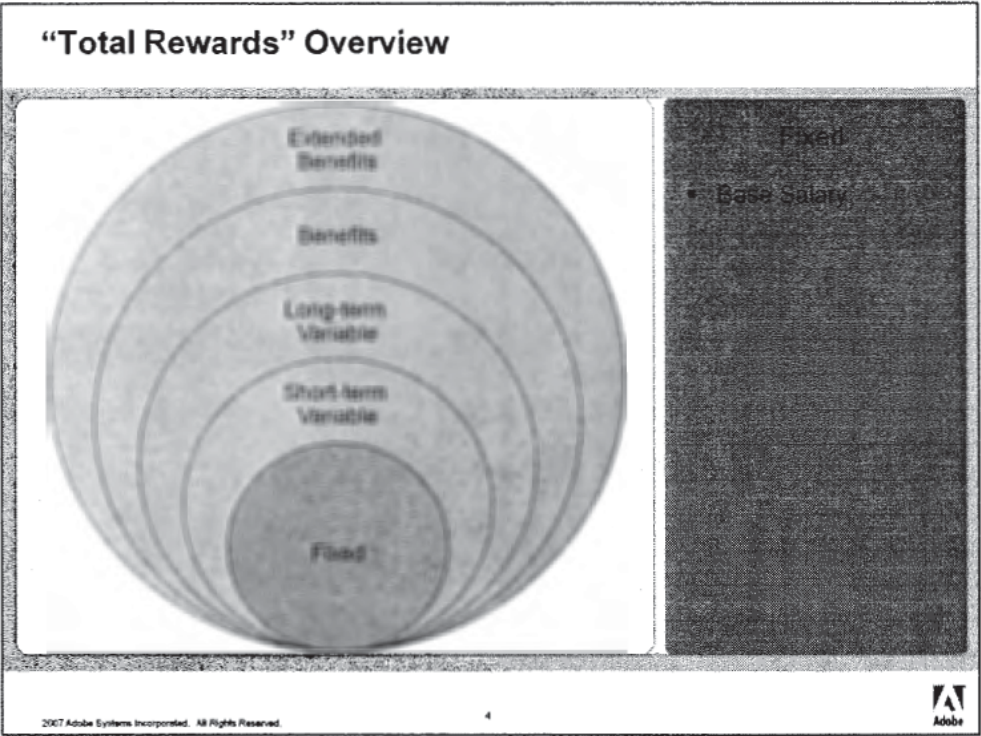
2



- **What we're going to cover today....remind them that this is a follow-on from the Dec. 20 Sr. Leader meeting and that this meeting is also being recorded for playback**
- **Housekeeping...how to ask questions via chat/telephone, etc.**



- **Introduction:** With the importance of compensation and building a performance based culture, there needs to be alignment of goals that drive behaviors which lead to customer satisfaction, which then results in revenue/profit to the company, which then translates to shareholder appreciation and back to business performance
- ***We are committed to the following principles:***
 - We share our success with our employees.
 - We provide a work environment including the tools, training and relevant information that supports a high level of personal and organizational productivity.
 - We work together as individuals, managers and teams to define goals, and hold ourselves accountable for objectives we set.
 - We recognize and reward results and contributions tied to the success of the company and in support of company values.
 - We offer competitive benefits geared toward individual needs, flexibility, competitive environment, and cost effectiveness.
 - We offer or participate in programs, which allow employees to effectively plan for and manage their financial futures.
 - We communicate the goals, features and value of our programs.



"Total Rewards" Overview

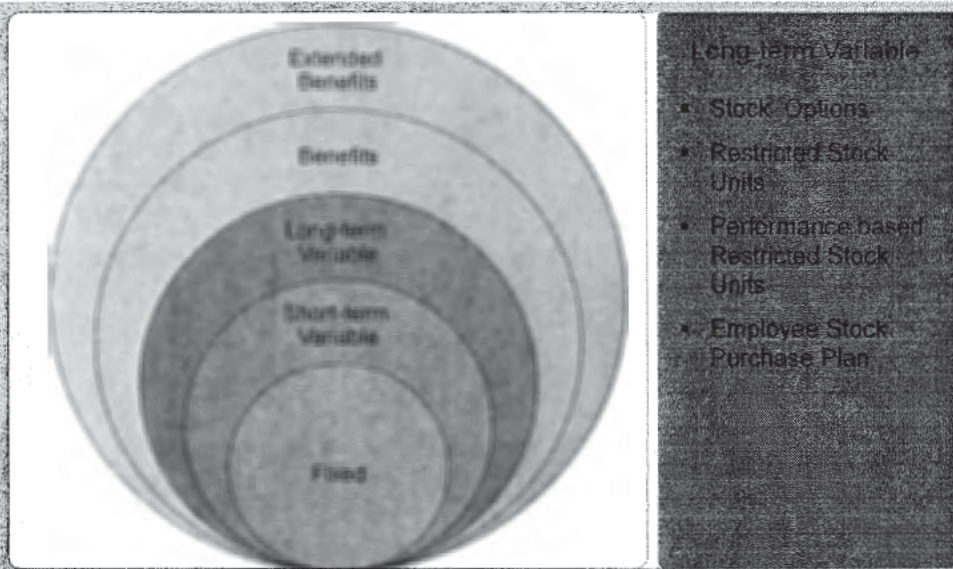


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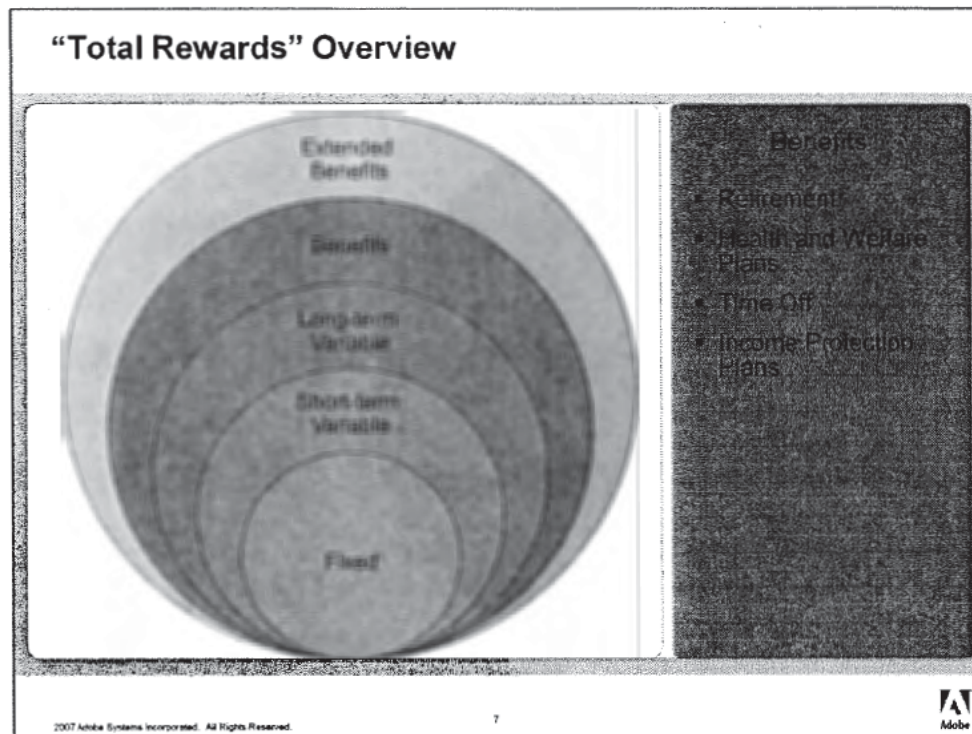
"Total Rewards" Overview



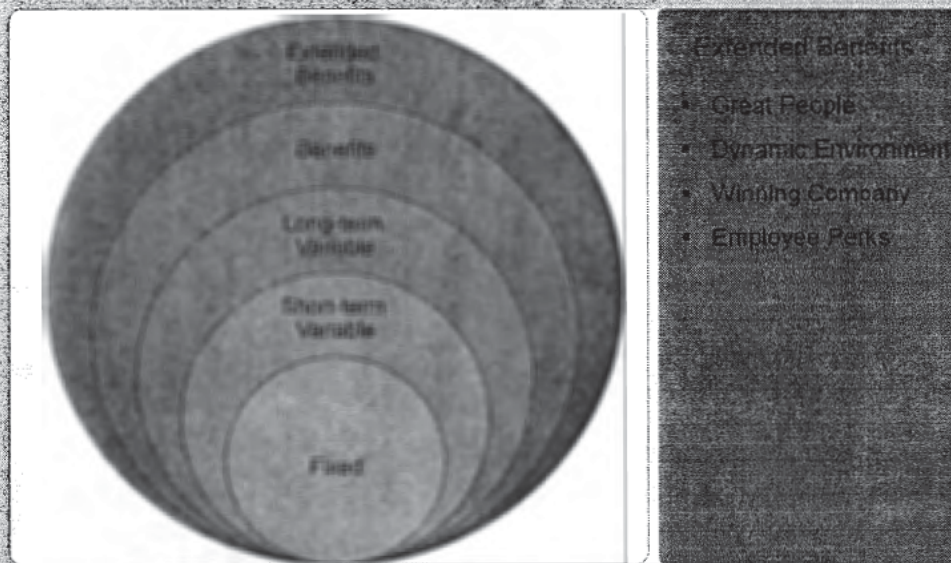
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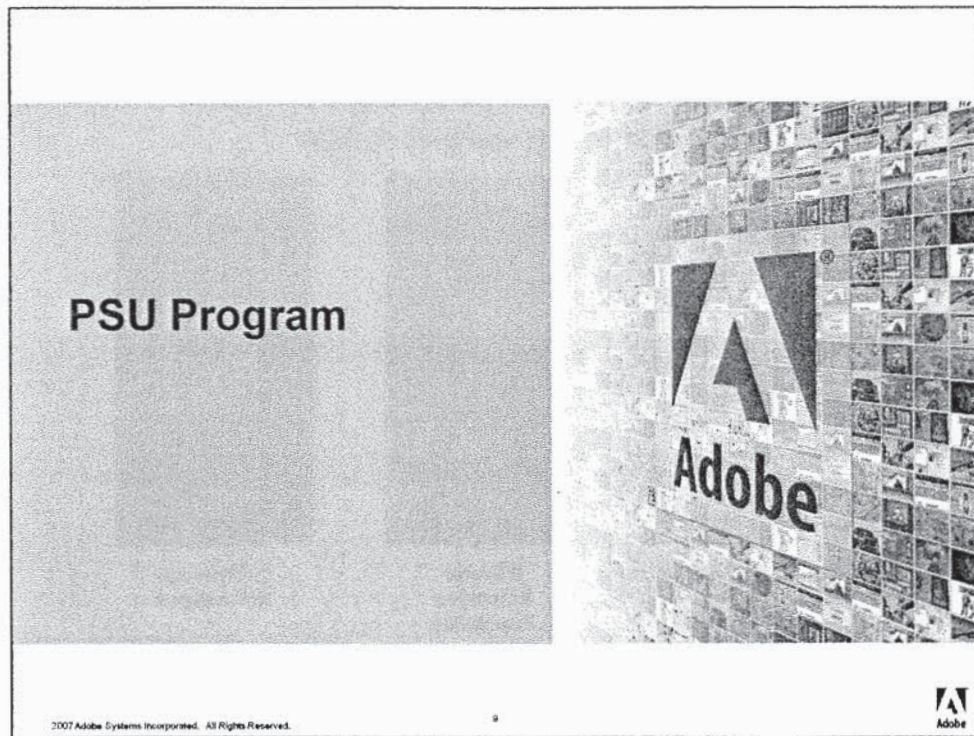
"Total Rewards" Overview



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Adobe's Equity Model



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PSU Plan Overview



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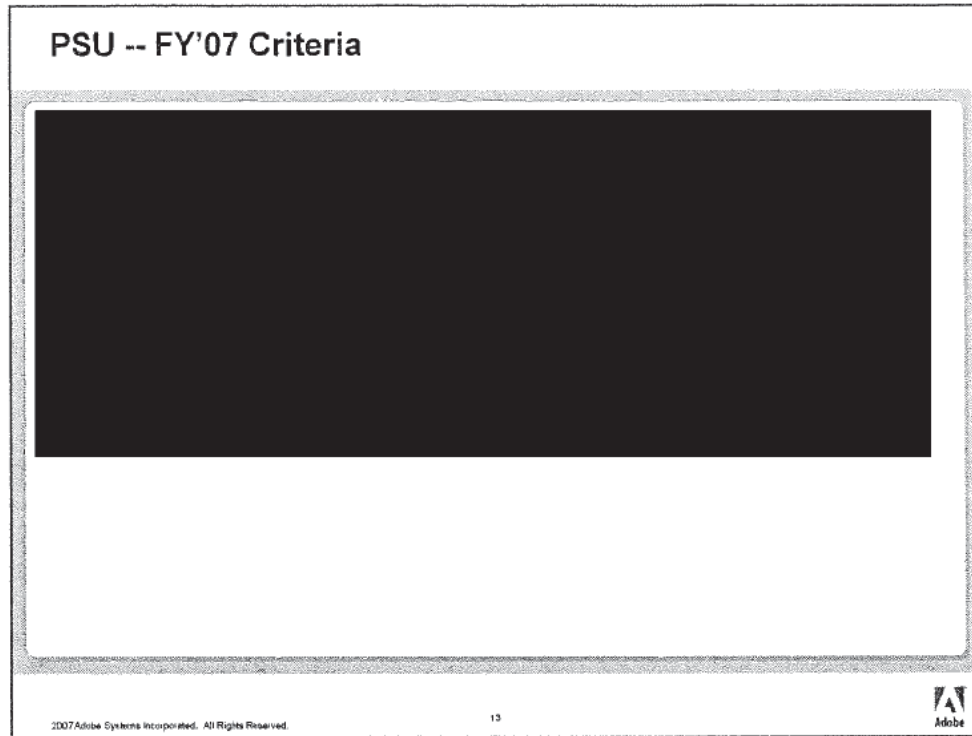
PSU Plan --Vesting

2007	2008	2009	2010	2011	2012

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FY'07 PSU Plan Matrix



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FY'07 PSU Plan Matrix – Overachieve AOP Scenario



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FY'07 PSU Plan Matrix – Underachieve AOP Scenario

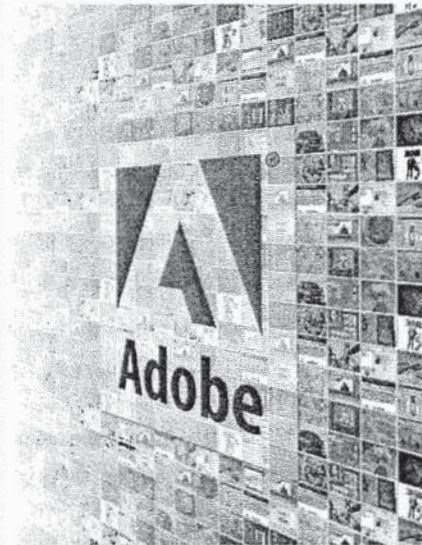
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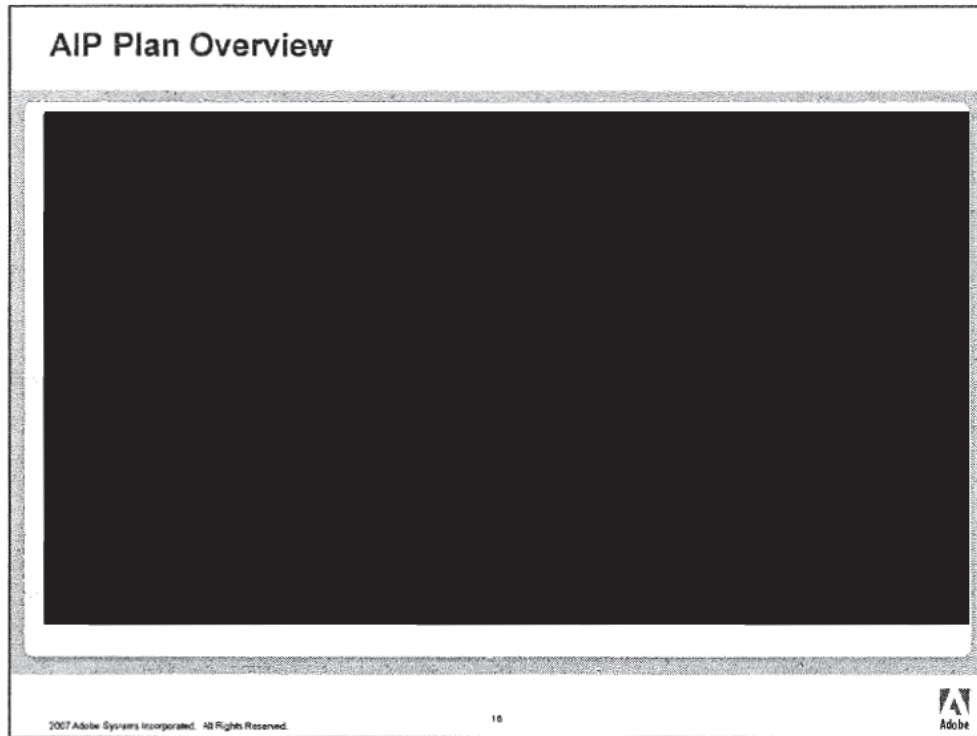
Summary of FY07 AIP/QIP Changes

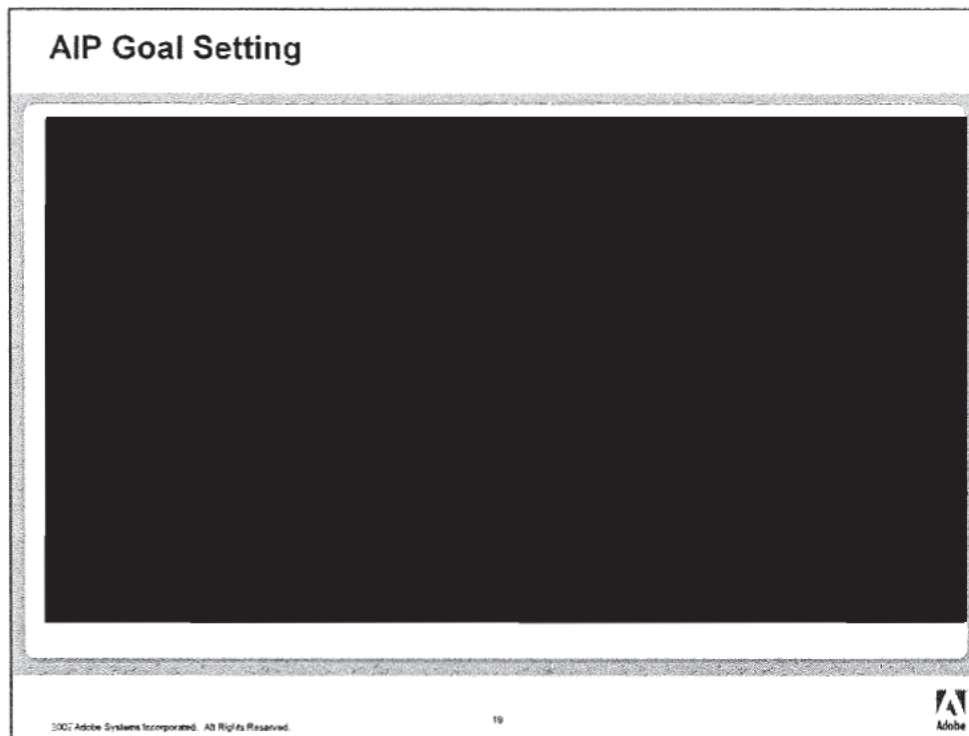


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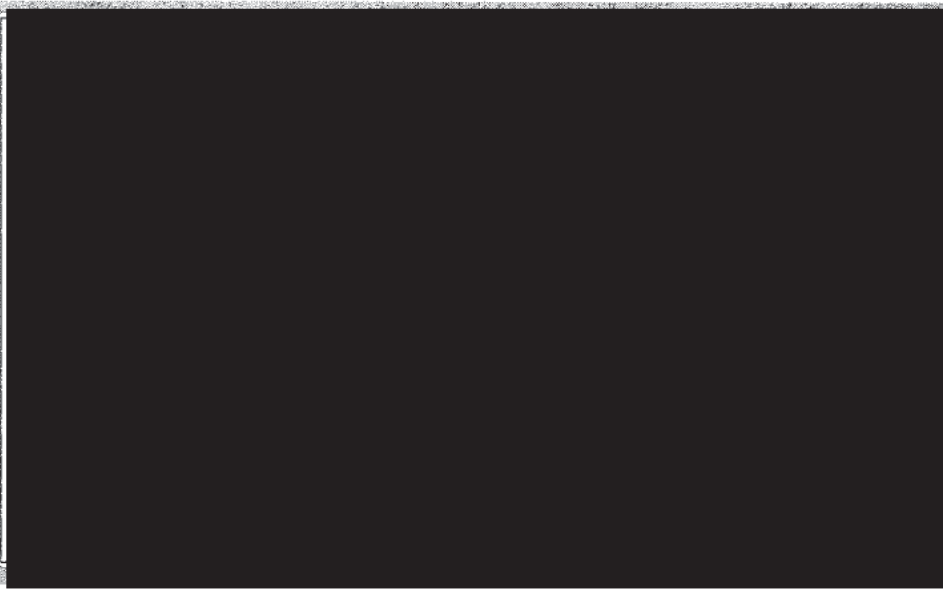
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FY'07 AIP/QIP Payout Matrix



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FY'07 AIP/QIP Payout Matrix – Scenario A – Overachieve



FY'07 AIP/QIP Payout Matrix – Scenario A – Overachieve




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FY'07 AIP/QIP Payout Matrix – Scenario B -- Underachieve



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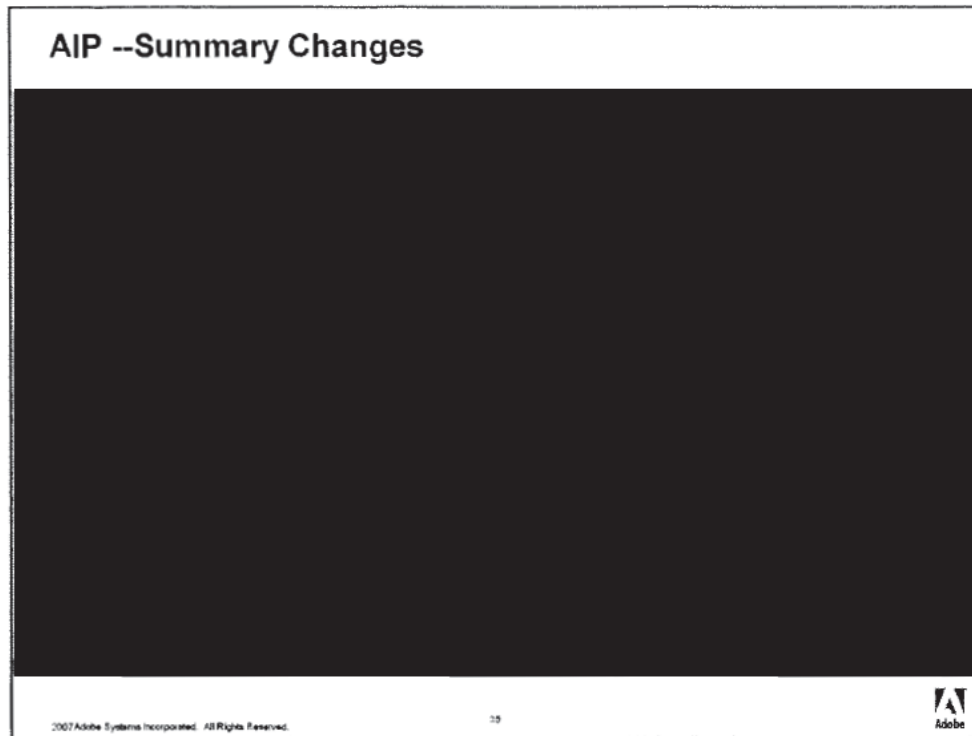
**FY'07 AIP/QIP Payout Matrix – Scenario B --
Underachieve**



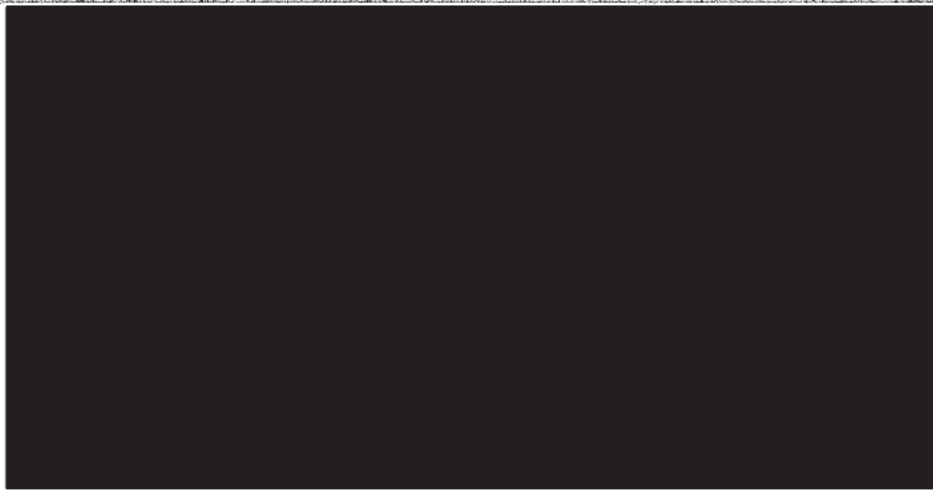
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QIP -- Summary Changes



Next Steps

- Communicate to eligible members of your teams
- Reference tools provided
 - Plan documents
 - FAQs
 - PDF of presentation
 - Adobe Connect recording of materials
- Work with your HR Business Partner
 - They will bring in additional HR support as needed

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- **Follow up email with links to documents and additional resources will be sent this afternoon**